



TFSA Investors: 1 Diversified Transportation Value Stock With Exciting Growth Drivers

Description

Air Canada ([TSX:AC](#)) is the largest provider of [scheduled passenger services](#) in the Canadian market, the Canada-United States (U.S.) transborder market, and in the international market to and from Canada. The company is focused on connecting Canada and the world. The company enhances the company's domestic and transborder network with regional flights operated on behalf of Air Canada under the Air Canada Express banner.

Controlling costs

On March 1, 2021, Air Canada announced an agreement to revise the company's capacity-purchase agreement (CPA) with Jazz Aviation. Due to the devastating impacts of the COVID-19 pandemic on global travel, Air Canada has significantly scaled down the company's entire network.

Air Canada reduced the company's system capacity by 84% during the last three quarters in 2020 when compared to 2019 while maintaining necessary services on [key routes](#) to support essential travel and the trade and flow of required goods. The airline continues to dynamically adjust capacity and take other measures to adjust for demand, including, as a result of health warnings, travel restrictions, quarantines, border closures, and market and regulatory conditions.

Further, Air Canada is permanently retiring certain older aircraft from the company's fleet, consisting of less-efficient Boeing 767, Airbus A319, and Embraer 190 aircrafts. The retirement of these aircrafts will reduce Air Canada's cost structure, simplify the airline's overall fleet, and lower the company's carbon footprint.

Access to a vast global network

Also, Air Canada is a founding member of the Star Alliance network. Through the 26-member airline network, Air Canada has the ability to offer customers access to a vast global network as well as reciprocal participation in frequent flyer programs and the use of airport lounges and other common

airport facilities.

Air Canada's Aeroplan program is Canada's premier travel loyalty program. The Aeroplan program allows individuals to enroll as members and accumulate Aeroplan points through travel on Air Canada and select partners, as well as through the purchase of products and services from participating partners and suppliers. Members can redeem Aeroplan points for a variety of travel, merchandise, gift card, and other rewards provided directly by participating partners, or made available through Aeroplan's suppliers.

Diverse growth drivers

Further, Air Canada Vacations is a leading Canadian tour operator, developing, marketing, and distributing vacation travel packages, operating in the outbound leisure travel market and the inbound leisure travel market to destinations within Canada, and offering cruise packages in North America, Europe, and the Caribbean.

Air Canada Cargo, a division of Air Canada, is a global cargo service provider, offering cargo services on passenger flights and on all-cargo flights. In 2020, in addition to transporting freight on Air Canada's aircraft operating scheduled passenger services, Air Canada Cargo started transporting freight on all-cargo flights using Air Canada's mainline wide-body aircraft, where it has increased available cargo space by removing seats from the passenger cabin.

The company plans to operate all-cargo flights throughout 2021. Air Canada also expects to generate incremental cargo revenue by entering the e-commerce business and by converting several of the company's owned Boeing 767 aircraft into dedicated freighters to leverage the growth of e-commerce. This represents a great growth opportunity.

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